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No. 97-44

In The

Supreme Court of the United States

October Term, 1996

ROBERT DOMENICK, MAGNETIC RESONANCE PLUS, INC.,

Petitioners,

v.

FONAR CORPORATION,

Respondent.

On Petition For Writ Of Certiorari To The United States Court Of Appeals For The Second Circuit

MOTION FOR LEAVE TO FILE BRIEF AMICUS CURIAE AND BRIEF AMICUS CURIAE OF INDEPENDENT SERVICE NETWORK INTERNATIONAL IN SUPPORT OF PETITIONERS

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MOTION FOR LEAVE TO FILE BRIEF AMICUS CURIAE AND BRIEF AMICUS CURIAE

Independent Service Network International ("ISNI") respectfully moves for leave to file the attached brief *amicus curiae* in this case. The consent of the attorney for the petitioner has been obtained. The consent of the attorney for the respondent was requested but refused.

ISNI is a non-profit corporation with a membership of over 200 independent service organizations that account for $1.5 billion in commerce in eleven different countries. As a general matter, ISNI's members provide service and repair for myriad types of equipment manufactured by others. Because of ISNI's broad membership and the nature of its members' business, ISNI has greater familiarity with the effect of the Second Circuit's precedent on persons other than the immediate parties.

ISNI's familiarity with the service industry has been recognized by this Court in the past. *See Eastman Kodak v. Image Technical Services, Inc.*, 504 U.S. 451, 462 n.6 (1992) (citing amicus brief of Computer Service Network International, the predecessor organization to ISNI). As detailed in the attached brief, the opinion of the Second Circuit has serious negative consequences for ISNI's membership and other persons who own, use, maintain or service equipment that utilizes computer software. Accordingly, ISNI believes that the brief which *amicus curiae* is requesting permission to file can provide this Court with a broader and different perspective on the Second Circuit opinion than that provided by the parties in their briefs. ISNI further believes that its brief discusses the greater impact of the Second Circuit opinion on the independent service industry, a discussion that is

not contained or is unlikely to be contained in the parties' briefs.

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I. INTEREST OF AMICUS CURIAE

Independent Service Network International ("ISNI") is a non-profit corporation incorporated in the District of Columbia.[1] Its membership is made up of over 200 independent service organizations ("ISOs") that service equipment manufactured by others, ranging from computers to copiers to medical equipment. These organizations account for $1.5 billion in commerce and are located in eleven countries.

ISNI's purpose is to promote and maintain a closer union and more complete organization of independent service organizations. ISNI develops educational methods to increase awareness of third-party maintenance organizations and studies economic problems confronting the industry. Additionally, ISNI serves as a clearing house for information and data relating to its members' businesses, and promotes better relations among providers, distributors and manufacturers of supplies.

Most, if not all, ISNI members offer services for products that contain software. Generally, high-technology equipment comes with maintenance software as well as its operating system software. Both are primarily functional and must conform with other hardware and software in the computer system.

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[1] Pursuant to Supreme Court Rule 37.6, ISNI discloses that counsel for petitioners authored this brief in part. No other person or entity, other than ISNI, its members or its counsel, made a monetary contribution to the preparation or submission of this brief.

The maintenance software assists technicians in diagnosing and repairing problems with the high-technology equipment. In maintaining or repairing high-technology equipment, it is necessary to use the maintenance software in order to determine what repair is necessary or if a repair has been successful.

Because of the nature of its members' businesses, ISNI is deeply concerned about the ramifications of the Second Circuit's opinion in *Fonar Corporation v. Magnetic Resonance Plus, Inc.*, 105 F.3d 99 (2d Cir. 1997) ("*Fonar II*"). In *Fonar II*, the Court of Appeals vacated the District Court's grant of summary judgment in favor of Magnetic Resonance Plus, Inc. ("MRPlus"), rejecting the principle that computer programs should be subject to scrutiny to determine what particular portions, if any, are protectable under copyright law.

Such decision puts the Second Circuit at odds with other circuits which have embraced that principle, and with the Court of Appeals' own landmark decision in *Computer Associates Int'l. v. Altai, Inc.*, 982 F.2d 693, 704 (2d Cir. 1991), and its decision in *Fonar Corp. v. Deccaid Services, Inc.*, 983 F.2d 427 (2d Cir. 1993) ("*Fonar I*"), a case involving the very same plaintiff and software as are at issue here. Moreover, the Second Circuit Court of Appeals chose simply to rely on the Copyright Office's allowance of Fonar's copyright registration to issue (without any indication that the Copyright Office exercised any independent judgment in scrutinizing Fonar's submission or was even aware of errors in the submission) as the basis for finding that the presumption of validity of Fonar's copyright had not been rebutted by MRPlus. In so doing, the Court improperly converted a

"rebuttable" presumption of copyright validity into an "irrebuttable" presumption and denied MRPlus the right to require Fonar to identify which, if any, elements of the maintenance software were protectable.

These holdings are dangerous precedents for ISNI members, or any user of software necessary for operation of high-technology equipment, because they effectively bar such user from being able to challenge the copyrightability of such software. As a result of the Court of Appeal's decision in *Fonar II*, once a copyright registration issues, copyright validity is presumed, notwithstanding the copyright claimant's failure to identify the work which it claims is protected. Accordingly, ISNI submits this brief as *amicus curiae* because these holdings will have serious negative consequences for those who own, use, maintain or service equipment that utilizes computer software to operate.

The impact of *Fonar II* is therefore enormously wide-reaching and potentially devastating to numerous industries and businesses. If ISOs have no way of challenging the protectability of the maintenance software they need to run on the high-technology equipment they service, they will not be able to use the software to test the operation and functioning of the equipment; only very limited, if any, servicing of the equipment can be performed, handcuffing competition in the market for service.

In essense, the Second Circuit's decision will create *de facto* monopolies for manufacturers because manufacturers will be the only maintainers who are permitted to use the maintenance software which comes with the

equipment. These monopolies will result in the destruction of a large part of the independent service industry for high-technology equipment, and ISNI members, many of which are small companies, will be driven out of business.[2] It will also force owners and users of high-technology equipment to use only manufacturer-provided service, even if it is more costly and less efficient, resulting in less competition and higher prices for consumers.

II. SUMMARY OF ARGUMENT

The *Fonar II* decision will have a broad-ranging impact on all users of high technology equipment, including customers of such equipment and service providers to such customers. The decision makes it virtually impossible for a user of such software to rebut the "rebuttable" presumption of copyrightability which possession of a copyright registration creates, because the Court will not look into whether the work in question was submitted to the Copyright Office in accordance with the copyright laws and regulations. Instead, the Court assumes that since the submission has "withstood the scrutiny of the Copyright Office," the work was properly registered. *Fonar II*, 105 F.3d at 106. This ignores the fact that the

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[2] This Court has recognized the importance of the independent service industry in *Eastman Kodak v. Image Technical Services, Inc.*, 504 U.S. 451, 462 n.6 (1992). In particular, this Court pointed to the amicus curiae briefs filed by various service organizations that attested to the magnitude of the service industry, including a brief filed by Computer Service Network International, which is the predecessor organization to ISNI.

Copyright Office does not, in fact, perform any detailed substantive examination of copyright claims, thus depriving the defendant of the ability to challenge the appropriateness of a registration and its implications for the presumption of copyright validity. Moreover, by failing to apply the "abstraction, filtration, comparison" test for district courts to use in analyzing software, the Court deprives the copyright defendant of the chance to discern what, if any, portions of the software in question actually constitute protectable expression. The *Fonar II* decision hence grants manufacturers the statutory protection of a copyright without affording meaningful review of the copyright's validity to challengers at the administrative and now judicial level.

III. ARGUMENT

A. The *Fonar II* decision's reliance on the issuance by the Copyright Office of a certificate of registration is misplaced, as the review procedures undertaken by the Copyright Office do not include making a judgment as to whether the work in question is validly registered or copyrightable.

The Court of Appeals chose to defer completely to the U.S. Copyright Office's registration of Fonar's copyright as the basis for its reversal of the District Court's decision that Fonar's software was not the subject of a valid copyright. In effect, the Court of Appeals presumed that the regularity and appropriateness of Fonar's submission for registration had been substantively evaluated by the Copyright Office at registration. In so doing, the Court below shirked its duty of construing the copyright

laws and regulations regarding registration of computer software and addressing whether the presumption of validity had been effectively rebutted by the defects in Fonar's submission. The Court stated that this is "a question we are content to leave to the judgment, expertise and practices of the Copyright Office" *Fonar II*, 105 F.3d at 105. In fact, it is not the mission or the practice of the Copyright Office to perform any such review or make any such judgment.

Contrary to the assumption of the Court of Appeals, the Copyright Office does *not* undertake a substantive examination of deposited works. This fact has been recognized time and time again in the legislative history of the Copyright Act, in written policy statements from the Copyright Office, and in the decisions of the federal courts. The legislative history of the 1976 Copyright Act specifically points out that "unlike a patent claim, a claim to copyright is not examined for basic validity before a certificate is issued." H.R. Rep. No. 94-1476, 94th Cong. 2d Sess., 157, *reprinted in* 1976 U.S. Code Cong. & Ad. News 5659, 5773. This legislative history is vital to understanding the role of the Copyright Office, since the Copyright Act "does not define or explain the 'examination' the Copyright Office is to undertake when reviewing an application." *Midway Mfg. Co. v. Bandai-America, Inc.*, 546 F. Supp. 125, 143, n. 15 (D.N.J. 1982), *aff'd.*, 775 F.2d 70 (3rd Cir. 1985), *cert. denied*, 475 U.S. 1047 (1986) (citing treatise Nimmer on Copyrights with approval).

The Copyright Office, which is charged with promulgating policies and rules to carry out the copyright laws, makes clear that it does not perform any detailed, substantive examination of copyright claims. In its

"Notice of Policy Decision, Modification of Appeal Procedure, Copyright Office Announcement ML-502", taken from Volume 60, Number 86, *Federal Register*, May 4, 1995, pp. 21983-21984 (hereinafter "ML-502"), the Copyright Office noted that as of 1995, "the Copyright Office registers slightly more than 600,000 copyright claims annually, and refuses to register a small percentage of these." The sheer volume of copyright applications alone renders it impossible for the Copyright Office to perform little more than a ministerial function in registering copyrights.

Moreover, it is contrary to Copyright Office policy and authority to do more. In a suit against the Registrar of Copyrights to compel renewal of a registration claim in which the Court ruled for the copyright claimant, a district court observed:

> It is undisputed that the Copyright Office has neither the facilities nor the authority to rule upon the factual basis of applications for registration or renewal, and that where an application is fair upon its face, the office cannot refuse to perform the "ministerial duty" of registration "imposed upon [it] by the law."

Cadence Industries Corp. v. Ringer, 450 F. Supp. 59 (S.D.N.Y. 1978). In fact, the Copyright Office has specifically stated that "in administering [subsections 410(a) and (b) of the Copyright Act] the Copyright Office usually accepts as true the facts given by the applicant", ML-502, citing Section 108.05 of *Compendium II of Copyright Office Practices*, which states in turn that "in connection with its examining and related activities, the Copyright Office does not ordinarily make findings of fact with respect to

publication or any other thing done outside the Copyright Office." *Id.*

For example, *Copyright Office Circular 1b*, part of a collection of informational pamphlets widely distributed via hard copy as well as on the Internet by the Copyright Office, expressly states that "the Copyright Office cannot compare for similarities copies of works deposited for registration[.]"

Numerous federal courts have construed the copyright laws with respect to examination of deposited works in a manner consistent with the pronouncements of the Copyright Office. In comparing patent and copyright examination, the court in *Stein v. Benaderet*, 109 F. Supp. 364 (E.D. Mich. 1952), observed that "examination and search of the records is mandatory and when a patent is granted the patentee has protection and a monopoly for years. There is no such search or examination when a copyright is secured. It issues almost automatically and there is no prior art to contend with." *Id.*, (citing *Baker v. Selden*, 101 U.S. 99 (1879)). Likewise, in *Donald v. Uarco Business Forms*, 478 F.2d 764 (8th Cir. 1973), the court stated matter-of-factly in a footnote that a "copyright certificate will be issued through a registration procedure in which the validity of the copyright is not examined." *Id.*, 478 F.2d at 765, n. 1. The court in *Midway, supra*, cites *Donald, supra, Cadence, supra*, and *Stein, supra*, all in support of the well-recognized rule that copyright examination does not entail substantive search, and flatly states that "[i]f a new rule of copyright examination procedure is to be announced, it will be some other court which proclaims it." *Midway*, 546 F. Supp. at 144.

Moreover, substantive determinations of copyright validity are better left for the courts, where underlying facts can be thoroughly reviewed in the context of challenges and of the adversarial system. This principle is explicit in the Copyright Act itself, which provides that the "evidentiary weight to be accorded the certificate of a registration made thereafter shall be within the discretion of the court." 17 U.S.C. § 410(c).

The District Court grappled with the implications of Fonar's improperly registered claim of copyright. The Court of Appeals, in reversing, assumed that Fonar's submission had withstood a scrutiny which, in fact, did not occur. Accordingly, the Court of Appeals' reliance on the "judgment, expertise and practices of the Copyright Office" *Fonar II*, 105 F.3d at 105, in finding that the presumption of copyright validity had not been rebutted is contrary to statutory copyright law, judicial decisions and the policies and practices of the Copyright Office, and should be reversed.

B. The *Fonar II* decision places an impermissible onus on computer software copyright defendants to ascertain the essential nature of the software that they are accused of infringing.

In *Fonar I* – a case involving the same plaintiff and software at issue in *Fonar II* – the Second Circuit vacated a preliminary injunction in favor of the plaintiff because it had not adequately defined any protectable elements in its software. *Fonar I*, 983 F.2d at 429-30. The court held that such explication by a plaintiff was essential for the defendants to know precisely what conduct would be

infringing and to facilitate appellate review. *Id.* In *Fonar II*, by contrast, the Second Circuit held that no such explication by a plaintiff is necessary even at a stage in which discovery is complete and trial is imminent. Such holding places an impermissible burden on defendants to defend against a software infringement claim when they are not even provided an explanation of what elements of that software are allegedly copyrightable.

Complex MRI scanners – like the complex machinery that ISO's generally service – are essentially utilitarian in nature. Because of their utility – the fact that they are productive and valuable – they have proliferated in society. To foster the incentive to create and improve these machines, they are protected by the patent laws. U.S. Const., Art. I, § 8, Cl. 8. Thus, the inventor of a machine like the MRI scanner, if his or her patent application covering the invention withstands the rigorous scrutiny of the United States Patent and Trademark Office, has the right to exclude others from making, using, selling and offering to sell the machine for a period of twenty (20) years from the date of application. 35 U.S.C. § 154(a)(2). Thereafter, in order to promote the broad availability of such useful machines, they may be freely manufactured by anyone.

Like the MRI scanners in which it is located, the software at issue in this case is also purely utilitarian. It functions solely to aid in the service of these machines. Yet, under the copyright laws, the inventor of such a machine who can exclude others from making, using, selling and offering to sell that *machine* for a period of less than twenty (20) years, can potentially monopolize the *service of that machine* for life plus fifty (50) years

merely by depositing a portion of the software with the Copyright Office. 17 U.S.C. § 302(a).[3] Further, later manufacturers who benefit from the limited duration of the patent laws and compete with the inventor by selling more improved and less expensive versions of the machines, can likewise potentially monopolize the service of such machines for their entire useful life by installing software. However, some element of originality and creativity must be discernable in that software, in addition to its utility, or it, too, should only be protected by the patent laws. *See Feist Publications v. Rural Tel. Service*, 499 U.S. 340, 345-46 (1991).

The Second Circuit's decision below does not sufficiently account for the fact that in order to succeed on a copyright claim, a plaintiff must show original and creative expression. The "expression" that is involved in computer software, the object code, is obviously not meant to be read by people, but rather by the computer inside the machine. It is therefore difficult to discern what the expression is, much less whether it is creative. Along with the essential utility of most computer software, this difficulty in ascertaining the nature of the expression leads to potential overprotection under the copyright laws, upsetting the delicate balance sought by the copyright laws between the rights of authors to exclusivity and the rights of the public to access and use information. The Second Circuit's opinion compounds

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[3] In the case of works made for hire, the copyright endures for a term of seventy-five (75) years from the year of its first publication, or one hundred (100) years from the year of creation, whichever first expires. 17 U.S.C. § 302(c).

this problem by allowing a plaintiff to proceed to and through trial without even supplying the court or the adversary with a coherent explanation of the expression that is claimed to be original.

In its earlier landmark decision in *Computer Associates, supra*, the Second Circuit noted that "copyright registration – with its indiscriminating availability – is not ideally suited to deal with the highly dynamic technology of computer science." *Id.*, 982 F.2d at 712. For this reason, the Second Circuit created the "abstraction, filtration, comparison" test for the district courts to use to guard against overprotecting software that has been registered. The court recognized that software competes successfully by being more efficient, and that efficiency concerns may dictate only a limited number of implementations for any given program task. The court further recognized that software is especially susceptible to the *scènes a faire* doctrine, wherein certain common elements are in the public domain, and that programs are often written with elements taken from the public domain.

In *Gates Rubber v. Bando*, 9 F.3d 823 (10th Cir. 1993), the Tenth Circuit expanded on *Altai*, holding that district courts must also filter out any elements of programs that violate 17 U.S.C. § 102(b). Section 102(b) dictates that in no case does copyright protection extend to an "idea, procedure, process, system, method of operation, concept, principle, or discovery". Both *Altai* and *Gates Rubber* hold that only after all the myriad unprotectable elements of computer programs are filtered out, can any remnant "golden nugget" of protectable expression be compared to the allegedly infringing program. The implicit holding in both of these decisions is that if there is no "golden

nugget" in a program after filtering, then there can be no claim for copyright infringement.

In *Lotus Dev. Corp. v. Borland Int'l, Inc.*, 49 F.3d 807 (1st Cir. 1995), *aff'd, by an equally divided court*, 116 S.Ct. 804 (1996), the First Circuit held that, in a claim for infringement of a menu command hierarchy for a computer spreadsheet program, the *Altai* abstraction, filtration, comparison test was unnecessary because the entire menu command hierarchy was an uncopyrightable "method of operation." The court held that there need be no search for a "golden nugget" if an initial examination of the allegedly infringed program shows that it falls squarely within 17 U.S.C. § 102(b).

What is clear from the circuit courts' attempts to formulate a test for software copyright claims is that the allegedly infringed programs in question must be closely examined and meticulously dissected to discern if any protectable expression exists. Such dissection may not take place if the court does not have before it some lucid explanation of the protected elements of the program in question. Given that the plaintiff/software owner holds the knowledge as to how the software was created and what is contained in the otherwise inscrutable object code, the plaintiff/software owner must abstract the object code into intelligible terminology before trial. Under the Second Circuit's decision below, however, a plaintiff need not offer anything more than a copyright registration and, in fact, even a flawed one will suffice. If this holding is allowed to stand, then the tests delineated in *Altai*, *Gates Rubber* and *Lotus* to guard against over-protection of software will be severely undermined,

because the courts will not have before them an intelligible abstraction of the program to dissect, and the accused infringers will not be given the opportunity to prove that the programs are unworthy of the protection of the copyright laws.

It seems self-evident that a software copyright defendant must know what he or she is accused of infringing in order to mount a defense to such a claim. Because the original software is in the plaintiff's/software owners hands, the plaintiff/software owner should have to provide to the court and the accused infringer a coherent abstraction of the program in question. If a software owner is unwilling or unable to identify protectable elements in its computer software, then that software owner should not succeed on a claim for copyright infringement of the software. Due process (and common sense) require no less.

IV. CONCLUSION

If the Second Circuit's decision is not reviewed, there will be substantial overprotection of purely utilitarian software. The assessment by the Court below of the weight to be given Fonar's copyright registration, compounded by the failure to apply the "abstraction, filtration, comparison" test delineated in the *Altai* case of the Second Circuit, makes it effectively impossible for MRPlus to mount any challenge to the validity of Fonar's copyright. This result is totally at odds with the principles established in the Second Circuit through *Altai* and principles embraced by other circuits. This Court's review is necessary to protect users of highly utilitarian

software from monopolistic restrictions never contemplated by the policies and purposes of the Copyright Act.

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